

PUBLIC DISCLOSURE

July 30, 1997

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**The First National Bank of Chatsworth
Charter # 16487**

**701 N. Third Avenue
Chatsworth, Georgia 30705**

**Office of the Comptroller of the Currency
1117 Perimeter Center West, Suite W-401
Atlanta, Georgia 30338-5417
*<http://www.occ.treas.gov>***

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act performance of **The First National Bank of Chatsworth**, prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **July 30, 1997**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.*

INSTITUTION'S CRA RATING: This institution is rated **SATISFACTORY**.

The CRA rating for The First National Bank of Chatsworth (the “bank” or “FNB”) is based on the institution’s reasonable loan-to-deposit ratio, majority of lending within its assessment area, reasonable loan distribution to borrowers of different income levels and different size businesses, and a balanced distribution of loans to borrowers in different geographies.

The following table shows *FNB's* performance level with respect to each of the five performance criteria.

SMALL INSTITUTION ASSESSMENT CRITERIA	The First National Bank of Chatsworth PERFORMANCE LEVELS		
	Exceeds Standards for Satisfactory Performance	Meets Standards for Satisfactory Performance	Does not meet Standards for Satisfactory Performance
Loan to Deposit Ratio		X	
Lending in Assessment Area		X	
Lending to Borrowers of Different Incomes and to businesses of Different sizes		X	
Geographic Distribution of Loans		X	
Response to Complaints	FNB has not received any CRA-related complaints since the previous evaluation.		

DESCRIPTION OF INSTITUTION

The First National Bank of Chatsworth (FNB) is a \$79 million retail banking institution that is wholly owned by First Chatsworth Bankshares, Inc. The bank's financial condition is characterized by total loans of \$51 million, total deposits of \$70 million, and net income of \$470 thousand, for the first six months of 1997. The main office is located at 701 N. Third Avenue in Chatsworth, Georgia. The bank has one other full service branch in nearby Eton and a grocery store branch in Chatsworth. No legal impediments exist that should hinder the bank from meeting the credit needs of its assessment area.

FNB offers traditional financial services including commercial loans, residential mortgage loans, home improvement loans, consumer loans, and deposit accounts and services. The bank's gross loan portfolio, as of June 30, 1997, consisted of 52 percent real estate loans, with one-to-four family residential real estate loans making up 32 percent of gross loans and 22 percent in other consumer loans. One other community bank, a few regional bank branches, and two savings banks are located in the assessment area.

The bank is a member of Cirrus, Exchange, MasterCard, VISA, and American Express ATM networks, which offers the convenience of 24-hour nationwide banking through one ATM location in Chatsworth. FNB also offers a 24 hour teller line for account inquiry.

DESCRIPTION OF ASSESSMENT AREA

The bank's assessment area includes all of Murray County, Georgia. This area contains eleven block numbering areas ("BNA"). Only five of the BNS's have a population due to the large area of the county which is designated as the Chattahoochee National Forest and two Wildlife Management Areas. The five BNAs consist of four middle-income BNAs and one upper-income BNA as designated by the U.S. Census Bureau. The assessment area is not part of any Metropolitan Statistical Area ("MSA").

The population of the assessment area is 26,147¹. The unemployment rate is approximately 7.9 percent. Manufacturing is by far the dominate industry representing 64 percent of all jobs in Murray County. Most jobs are in carpet and carpet related industries. Major local employers include Shaw Industries and Mohawk Industries. The table on the following page shows additional demographic information for the assessment area (*Table 1*).

¹ U.S. Census Bureau, 1990

Block Numbering Area	BNA #	Income Level of BNA	Total Families	Median Family Income	Low to Moderate-Income Families	
Cisco	9901	Middle	834	\$30,086	262	31%
Crandell-Eton Eton, Chatsworth	9902.98	Middle	1,496	\$30,228	415	28%
Chatsworth, Eton	9903	Middle	2,534	\$27,980	922	36%
Chatsworth, Eton	9904	Upper	1,748	\$32,203	483	28%
Casey Springs	9905	Middle	890	\$28,768	309	35%
Totals			7,502		2,391	32%

Table 1

We conducted a Community Contact with the Mayor of Chatsworth to help assess the county's credit needs. We also reviewed an interview previously conducted by another regulatory agency with the Whitfield County Board of Commissioners. We determined that the types of credit needed include first time home buyer assistance and small business loans. These types of loans and assistance are available through financial institutions in Murray County.

Income Definitions

The Georgia statewide nonmetropolitan median family income is used as the area median income for non-MSA communities. The 1990 U.S. Census non-MSA median family income is \$26,691 for Georgia.

Low-income - an individual income, or median family income for geographies, that is less than 50 percent of the area median income.

Moderate-Income - an individual income, or median family income for geographies, that is at least 50 percent and less than 80 percent of the area median income.

Middle-Income - an individual income, or median family income for geographies, that is at least 80 percent and less than 120 percent of the area median income.

Upper-Income - an individual income, or median family income for geographies, that is 120 percent or more of the area median income.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA :

LOAN-TO-DEPOSIT RATIO

Since the last CRA examination in September, 1994, the bank's eleven-quarter average loan-to-deposit ratio is 69.24 percent compared to the average loan-to-deposit ratio of 72.72 percent for the only other independent community bank in the assessment area. *Figure 1* illustrates how the quarterly and average loan-to-deposit ratios compare during the evaluation period.

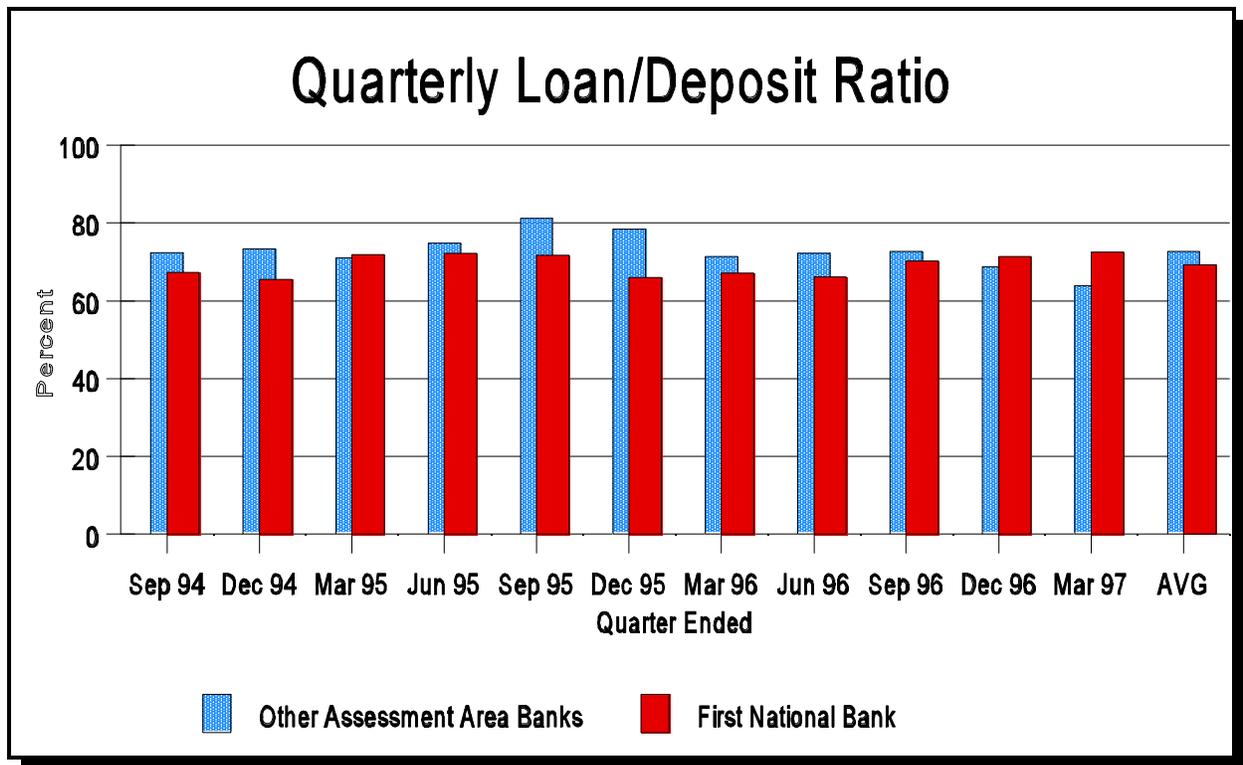


Figure 1

Types of Loans Outstanding at June 30, 1997

Loan Type	Dollar Amount of Loans OS	Percent of Average Loans
Residential Mortgage	\$16,170	32%
Consumer (automobile, miscellaneous)	10,955	22%
Commercial and Industrial	12,782	25%
Commercial Real Estate	10,058	20%
Agriculture	830	2%
All Other	64	0%
TOTAL LOANS	\$50,859	100.00%

Table 2

The FNB is primarily a consumer and small business lender. As of June 30, 1997, approximately 54 percent of average loans outstanding were for consumer purposes, including residential mortgage loans. Also, the majority of commercial loans are to small businesses.

DISTRIBUTION OF CREDIT

Lending levels reflect responsiveness to the credit needs of the community. We used internal bank documentation which shows all loans originated during 1996 and through July 1997 to determine the extent of lending inside and outside the bank's assessment area. We sampled 38 consumer purpose loans to determine if the bank is lending to borrowers of different income levels, including low- and moderate-income families. We sampled 20 commercial loans to determine whether the bank is lending to businesses of different sizes. We also used the most recent call report data, June 30, 1997, to determine the bank's lending patterns to businesses of different sizes. Call report instructions define "small business" loans as those with original amounts of less than \$1 million. Our conclusions are based on the above mentioned reports.

LENDING IN THE ASSESSMENT AREA

The bank extended a majority of the real estate loans made in 1996 and through July 1997 to borrowers within the assessment area (*Figure 2*). The consumer loans were made for miscellaneous purposes and ranged from small loans to large residential construction loans. The commercial loans were also made were for a wide variety of purposes and amounts.

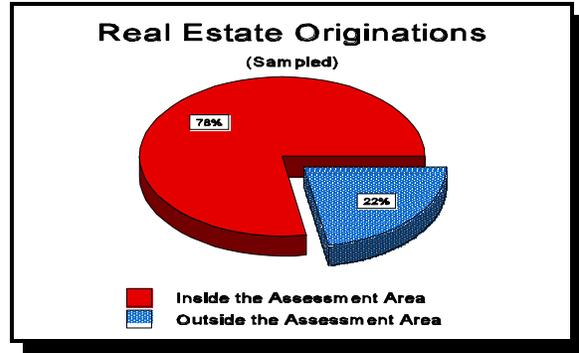


Figure 2

LENDING TO BORROWERS OF DIFFERENT INCOMES AND TO BUSINESSES OF DIFFERENT SIZES

The distribution of loans to borrowers with different incomes is reasonably consistent with the demographics of the assessment area. We selected a sample of 38 consumer purpose loans to determine borrower income levels. Approximately 32 percent of families in the assessment area are low- to moderate-income families and approximately 47 percent of the loans in the sample were made to low- and moderate-income families. Lending to businesses of different sizes is also reasonable. We selected a sample of 20 commercial purpose loans to determine the gross revenues of the businesses. For purposes of the Community Reinvestment Act, small businesses are defined as those with gross annual revenues under \$1 million. Our sample indicated that 75% of commercial loans are to small businesses. The June 30, 1997 Call Report showed that substantially all commercial real estate loans, commercial loans, and industrial loans are outstanding to small businesses.

LENDING TO BORROWERS IN DIFFERENT GEOGRAPHIES

The bank has a satisfactory record of lending to all segments of its assessment area. We found that real estate loans made in 1996 in the assessment area were reasonably disbursed throughout the county, with the exception of unpopulated BNAs. The majority of loans were in geographies near the bank's branches, but many loans were also made to borrower's throughout the assessment area. Distribution of credit within the different BNAs is reasonable and consistent with the bank's ability to help meet the credit needs of its community.

RESPONSE TO CONSUMER COMPLAINTS

FNB did not receive any CRA-related complaints since its last CRA examination dated August 29, 1994.

RECORD OF COMPLIANCE WITH ANTIDISCRIMINATION LAWS.

We conducted a concurrent compliance and fair lending examination. We did not find any discriminatory lending practices or violations of the substantive provisions of federal antidiscrimination laws, including the Equal Credit Opportunity Act and Fair Housing Act. The bank has instituted fair lending policies, procedures, and training programs.

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